

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: May 28, 2003

SUBJECT: Fiscal Impact Statement: "Unified Communications Center
Lease Agreement Approval Resolution of 2003"

REFERENCE: Draft Resolution as Introduced

Conclusion

Funds are sufficient in the FY 2003 budget and the first three years of the proposed FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia. Under the plan for funding the proposed Unified Communications Center Lease Agreement, the FY 2004 debt service payment would be funded from the capital reserve resulting from the proposed Certificate of Participation financing. In each of FY 2005 and FY 2006 the debt service payment of \$6.7 million would be offset by \$4.7 million of a \$10 million federal payment for the UCC, plus \$2 million in annual savings to be generated by the DC-Net project.

If Council approves the resolution and this plan, there would be no fiscal impact until FY 2007 when \$4.1 million would be required from General Fund revenue. Beyond FY 2007, the proposed resolution would have a fiscal impact estimated at \$6.7 million annually from FY 2008 through FY 2023 for debt service expenditures to be paid from General Fund revenue.

Background

The proposed resolution approves a lease agreement between the District of Columbia and Wells Fargo Delaware Trust Company. Under the provisions of the lease agreement, the District will construct, lease to, and lease back from Wells Fargo the Unified Communications Center (UCC). Located on the campus of St. Elizabeth's Hospital Emergency Medical Services Department. The UCC will serve as the District's call-

taking and dispatch center for E-911, 311, and the Mayor's call center. The UCC will receive secure telecommunications services through the District's high-speed proprietary telecommunications network (DC-Net).

Conditioned upon Council's approval of the proposed resolution, it is anticipated that the District will issue approximately \$72 million in Tax-Exempt Certificates of Participation (COP) to fund the construction of the UCC and the buildout of DC-Net to encompass additional public safety connections. COPs are similar to bonds, and can be used to finance essential governmental projects., the UCC will be the District's primary emergency response facility, housing the emergency "command and control" functions of the District's Emergency Management Agency, Metropolitan Police Department, and Fire and

Financial Plan Impact

In the first three years of the implementation of the proposed resolution, funds will be sufficient in the FY 2003 budget and the proposed FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council. **Beginning in FY 2007, debt obligations will need to be incorporated in the District's baseline budget through FY 2023.**

The following table presents the approximate COPs debt service obligation that is expected to result from implementing the proposed resolution.

Expenditure Impact to the Financial Plan (\$ in millions)				
FY 2004	FY 2005	FY 2006	FY 2007	TOTAL
\$0.00	\$0.00	\$0.00	\$4.10	\$4.10

FY 2004 debt service will be capitalized in the COPs financing. In each of FY 2005 and FY 2006, projected annual COPs debt service of \$6.7 million is expected to be offset by \$4.7 million of an existing \$10 million federal payment for the UCC, plus \$2 million in annual savings to be generated by the DC-Net project. In FY 2007, projected COPs debt service of \$6.7 million is expected to be offset by \$0.6 million in remaining federal payment funds, plus \$2 million in savings generated by DC-Net, leaving \$4.1 million to be funded by local General Fund revenue.

The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4th Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.